

Message Text

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DELIVER TO GERVERS OPENING OF BUSINESS

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TAGS:ECON, OECD, CA

SUBJECT: OECD EDRC ANNUAL REVIEW OF CANADA

REF: OECD PARIS 13811 OTTAWA 2051

1. REFTELS GIVE EXCELLENT SUMMARY AND COMMENTS RE POLICY
QUESTIONS RAISED IN SECRETARIAT PAPER ON CANADA. WE
OFFER FOLLOWING ADDITIONAL COMMENTS.

2. OFFICIAL CANADIAN ESTIMATES IN THE PAST HAVE PUT

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POTENTIAL GROWTH RATE OF OUTPUT AT ABOUT FIVE AND ONE

QUARTER PERCENT ANNUALLY. SECRETARIAT ALSO SEEMS TO BE USING THIS ESTIMATE. DOES CANADA STILL FEEL THE POTENTIAL IS THAT LARGE?

3. WE CONCUR ON COMMENTS IN REFTELS THAT PRIORITY PLACED BY SECRETARIAT ON STIMULATION OF THE DOMESTIC ECONOMY SHOULD BE QUESTIONED. IN CONSIDERING POLICIES TO REDUCE UNEMPLOYMENT, HAS GOC CONSIDERED ANY ADDITIONAL POLICIES TO REDUCE STRUCTURAL OR REGIONAL UNEMPLOYMENT NOT IMMEDIATELY AFFECTED BY AGGREGATE DEMAND MANAGEMENT POLICIES?

4. SECRETARIAT PAPER MENTIONS INVESTMENT IN THE ENERGY SECTOR AS A POTENTIAL SOURCE OF STRENGTH IN THE RECOVERY.

WE UNDERSTAND THERE HAVE RECENTLY BEEN FEDERAL-PROVINCIAL MEETINGS TO CONSIDER THE POSSIBLE ADVERSE EFFECT ON RESOURCE INVESTMENT OF THE HEAVY COMBINED TAX BURDEN BY FEDERAL AND PROVINCIAL AUTHORITIES ON RESOURCES. HAS THIS ISSUE BEEN SOLVED TO THE EXTENT AUTHORITIES ARE SATISFIED THE PRESENT TAX STRUCTURE WILL NOT HAVE A DETRIMENTAL EFFECT ON NEW INVESTMENT IN ENERGY AND OTHER RESOURCES? DOES CANADIAN DEL BELIEVE THAT UNCERTAINTY ABOUT THE RIGHT TO EXPORT ENERGY TO THE US WILL ADVERSELY AFFECT INVESTMENT DECISIONS IN ENERGY?

5. CAN ANY INDICATION BE GIVEN ON HOW THE GOC PLANS TO FINANCE ITS ESTIMATED SIX BILLION DOLLAR CURRENT ACCOUNT DEFICIT THIS YEAR? INGERSOLL

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